G. R. S. 58
Previous references.

1901—2
(G. Finance)

File No. 57 of 01-2

Serial Nos. 1—6

Later references.
G. F. 3A of 1703-4

GENERAL AND REVENUE SECRETARIAT.

P. 85 (E)

Serial Nos. 1—5

Part B. for

SUBJECT.

Terms of the Mysore Govt account with the Bank of Madras ~~case~~ from 29th July 02 to 1st October 1903.

Table of Contents

1 To The Comptroller Mysore for:
No H 287 Dated 16th August 01.

Forwards with reference to his no: 532 of the 27th ultimo a copy of the notice Dated 7th Dec 1899 given by the Secy and Treasurer of the Bank of Madras terminating the Agreement of 27.1.97 for keeping the Mysore Govt account at the Bangalore Branch.

2 From The Comptroller Mysore Govt
~~The Secretary to the Govt of Mysore~~
GPB—8,000—7-4-02
No: 4212. Dated 20.12.01. (H 798)

With reference to ~~&~~ 1 forwards for information copies of Correspondence that took place on the subject matter of ~~the~~

3

The Secretary and Treasurer
Bank of Madras
Madras.

No 255 Dated 22/7/02

Accepting the terms as contained in his memo to the Comptroller on the understanding that for the months of June also interest will be allowed on the monthly minimum balances.

4 From The Bank of Madras
No: 11) Dated 12th Sept: 02

Confirming the proposed new terms for the Mysore Govt account with the Bank

5 To The Secy and Treas Bank of Madras,
No. H 312 Dated 22 8 02

Acknowledg the receipt of 3 & 4 intimating the Confirmation of the prop and new terms for Mysore Govt acct with the Bank of Madras

6 To The Comptroller,
No: 713 T) 22 8 02

Forwards copy of Serial no: 4 for information and guidance.

Sd

Noted
HSM

file no. 57 of 01-02
Sec 1

1901 - 2 Sl (1) (1)

V

1901.

To.

The Comptroller
Mysore Govt. -

Dated 14th August 190
No. H 289. Re H Corr.

I have the honor
to forward herewith
as desired in your letter
23d ultimo, for infor-
-mation, a copy of
the notice dated the 7th
December 1899, given
by the Secretary and
Treasurer of the Mysore
Bank, to Sir K.
Sheshadri Iyer, then
-dan, terminating
the agreement of the
27th January 1897 for
keeping the Mysore
Government account
at the Bangalore Branch

(2)

and to request him
to be so good as to
favor Government, at
a very early date, with
his opinion as to what
should be done in the
matter—

Secretary
"

The Diwan has given
you verbal instructions
in the matter and to
enable you to carry on
these negotiations more
fully I am desired to
forward herewith for the
enclosed letter from the Diwan
to the Secretary
Mr Madhava Rao — the
whole matter must be treated
as strictly confidential

12.VIII.04

Yours &c

14/8

rue: 6 & 1

(3)

Bank of Madras

Madras 7th December
1899.

Sir, K. Seshadri Iyer. B.A.B.L.
K.C.S.I

Dewan of Mysore

Bangalore.

Dear Sir,

I have the honour to inform you that my Directors have resolved to give notice terminating the agreement dated 27th January 1897, for keeping the Mysore Government account at our Bangalore Branch.

My Directors have been forced to adopt this course owing to the fact that, while the Bank has had to pay a very

(4)

considerable sum for interest on the account during the slack season when the money could not be profitably employed practically no balance has been maintained at credit of the account during the busy months, during which period we had hoped for a substantial balance, in terms of para 4 of the agreement, to compensate for the interest paid during the slack months.

In terms of this notice the agreement will expire on the 30th June next.

I have &c

(signed) G. D. Ker

Secretary & Treasurer

c/m of ltr c/p rec'd from D.H.Q., Ripon for office file 14.8.01 mdf.

5704/01-02 Sl (2)

(5)

_____DEPARTMENT.

Confidential

OFFICE OF THE

COMPTROLLER, GOVT. OF MYSORE,

BANGALORE, 20th December 1901.

From

E. R. SUBRAYER, Esq.,

COMPTROLLER, GOVT. OF MYSORE.

To H. V. Ramanadayya Esqre Mee Mck
~~THE~~ SECRETARY TO THE GOVT. OF MYSORE,
General & Revenue DEPT.S

SIR,

2/ 14/8/01

Your letter No Sl 289 enclosing a letter from the Dewan to the Secretary and Treasurer, Bank of Madras.

I have the honor to submit herewith for the information and early orders of the Dewan Copies of correspondence that took place on the subject matter of the above letter.

as per list accompanying

I have the honor to be,

Sir,

Your most obedient Servant,

Comptroller

N.V.S.

(5)

DEPARTMENT

Gen. No. 7798

DEC. 1901

(2)

From E. R. Thayer Esqre

THE COMPTROLLER,

MYSORE GOVT.

To H. V. Nanjundayya Esqre

~~THE~~ SECY. TO GOVT. OF MYSORE,

General & Revenue Depts.

Submitted to the Dewan

20/12/1901

Dated 20 December.

Despatched

Received

No. 4212.

No.

Enclos. 9

SUBJECT MATTER.

Forwarding certain papers for orders of the Dewan in re the terms of the Mysore Govt Account with the Bank of Madras.

List of papers.

1 Letter dated 14th December 01 from the Secretary and Treasurer Bank of Madras.
1 Do 16th December 01 to Do — Do.
1 Do 3d Do from Do — Do.
1 Do 15th November 01 to — Do —
1 Do 3d September 01 from Do —
1 Proposed terms of the Imperial Government Account with the Bank of Madras.
1 Memorandum, Deposit Account Madras Bank.
1 Terms of the Imperial Govt Account with the Bank of Madras in force from 1st January 1894.

8 Total.

1 Do to the Secretary and Treasurer Bank of Madras

9 Total.

(8)

Bank of Madras,

Madras, 17th December 1901.

E.R.Subrayer, Esq , B.A.F.C.E.

Comptroller of Mysore,

B a n g a l o r e.

Sir,

I have the honor to acknowledge receipt of your letter dated 15th Ult: on the subject of the proposed new agreement for keeping the account of your Government at our Bangalore branch.

In reply I am desired to say that my Directors have always treated the account as a special one and they are prepared to offer the most favorable terms for keeping the same.

Of late, however, while the Bank has had to pay a very considerable sum for interest on the account during the slack season when money could not be profitably employed, practically no balance has been maintained at credit of the account during the busy months when we had hoped for a substantial balance to compensate for the interest paid during the slack season.

On these grounds my Directors propose a modification in the terms of the new agreement including an alteration of the basis upon which interest has hitherto been calculated from the daily to the minimum monthly balance the latter mode of calculation being that generally in vogue.

In view of the remarks in para 5 of your letter my Directors would suggest that the new agreement be for one year only the matter to be reconsidered say in October next by which time your Government will probably be in a position to estimate the amount which they are prepared to maintain at credit of the account during the ensuing busy season.

I have the honor to be,

Sir;

Your obedient servant,

/D J. Ker Greig

Secretary and Treasurer

(9)

PRIVATE.

16th December 1901.

J.K.Greig, Esq.

Secretary and Treasurer,

Bank of Madras.

Dear Sir,

Your letter of 3rd Instant.

I regret I have not yet been favored with the further communication therein promised to be made shortly.

X mas holidays drawing near, I shall be obliged if you can let me know when I can expect a reply to my letter of 15th November last.

I beg also to kindly let me know whether you have made necessary arrangements for the temporary loan, on the usual terms, of 18 or 20 lacs that will be required this year also to meet payment of moiety of British subsidy on 31st January next.

I am yours

faithfully.

Signed / E.D. Swanger.

(10) 3

Bank of Madras,

Madras, 3rd December 1901.

E.R.Subrayer, Esq., B.A.B.C.E.

Comptroller of Mysore.

B a n g a l o r e.

Dear Sir,

In reply to your letter dated 2nd Instant, I have to say that your confidential letter of the 15th Ulto: duly reached me, and I much regret having omitted to acknowledge its receipt. The matter has my consideration and I hope to communicate with you shortly in reference thereto.

Yours faithfully,

S/D J.K.Greig,

Ag. Secretary & Treasurer.

(11)

Office of the Comptroller,
Mysore Government.
Bangalore, 15th November 1901.

To

The Secretary and Treasurer,
Bank of Madras.

Sir,

I have the honor to acknowledge receipt of your letter of 3rd September last enclosing a copy of the proposed terms of the Mysore Account with your Bank.

2. I regret that owing to the pressure of work I was not hitherto able myself to study the question in all its bearings and lay the matter before the Dewan who was also hitherto very busily engaged on other matters.

3. On a reference to previous correspondence you will find that our Current account with your Bank was always treated as a special one and that according to the terms of agreement entered into in February 1887 when this account was first opened a uniform rate of interest of 2% was to be allowed throughout the year on all balances not below Rs.50,000 and such interest was as a matter of fact calculated on daily balances and paid to our credit once in six months.

4. In all the subsequent revisions made in May 1891, in April 1894 and in January 1897 somewhat more favorable terms were granted, and under all of them daily balances formed the basis of calculation.

5. It is true that for the last three or four years our balances with you during the busy season were not quite as high as they used to be. But this is only temporary and we hope our balances will assume their normal condition from 1903, if not earlier, when we may be able even to fix for 6 to 9 months between 15 and 40 lacs during the busy season.

(12)

season as you may require and relieve you of the bulk of the balances under current account during the slack season.

6. In these circumstances and without some explanation of any special grounds under which the basis of daily balances which was adopted for so many years past is now proposed to be altered to the minimum monthly balances, I feel I am unable to go up to the Dewan with any definite recommendations of my own especially as I find on a rough calculation that the terms now proposed are worse by so much as 68% than those that expired on 30th June 1900 and 50% than the least favorable terms we have had during the past fourteen years.

7. I shall therefore thank you to let me know at your early convenience whether your Directors are prepared to reconsider the matter in the light of these facts and to offer us such terms as will make it worth our while to continue the account with your Bank.

I have the honor to be,

Sir,

Your most obedient servant

/Signed/ E.S. Shrager.

Controller.

sm

(13)

Bank of Madras,

Madras, 3rd September 1901.

The Comptroller of Mysore,

Bangalore.

Sir,

With reference to our conversation of the 30th Ulto: I have the honor to hand you enclosed a copy of the proposed terms of the Mysore Government A/c with this Bank which formed the subject of our discussion.

As regards your proposal that the Bank should allow interest for 6 months during the busy season, i.e. from January to June inclusive instead of from January to May as heretofore, I have to say that by June the trade demand for money has practically ceased.

My Directors might however be prepared to meet your Government on this point on the understanding that the balance on which interest is calculated for June should not exceed the average minimum monthly balance for the previous 5 months.

I shall be pleased to meet the Dewan in Bangalore on any Saturday that may be convenient for him.

I have the honor to be,

Sir,

Your obedient servant,

S/d J. Kerr Greig

Ag. Secretary & Treasurer.

(12)

Proposed terms of the Mysore Government A/c with the Bank of Madras.

1. Interest to be allowed on the minimum monthly balance during the busy season - January to June - inclusive according to the following sliding scale:-

Bank's minimum rate being	Interest to be allowed at
4% and under	2%
5%	3%
6%	4%
7%	5%
8% and upwards	6%

2. During the months of January and March interest will be allowed only on the balance in excess of the sum which has to be paid about the end of those months to the British Government on account of Kist (Subsidy). This clause to be subject to modification if at any time the dates for payment of Kist (Subsidy) are altered.

3. For the purpose of calculating interest notice of issue of cheques on the account to be considered equivalent to actual withdrawal of cash.

4. No minimum balance is guaranteed by the Mysore Government during the busy season, but endeavours will be made to maintain as far as possible a fair average balance.

5. The above terms will come into operation ~~from 1st January~~ at once and will remain in force until ~~the expiration of six months after notice on either side, such notice being given in the months of January or July.~~ 1st October 1903

25-7-02

25.7.02

(15)

---Memorandum---

Deposit Account Madras Bank.

1. According to the terms sanctioned in February 1887 interest at the rate of " 2% to be allowed on all balances not falling below 50,000 once a year or in 6 months just as it is usual in the Bank". The interest was calculated actually on daily balances and paid to our credit once in 6 months.

2. These terms were revised in May 1891- Interest on all daily balances allowed at 2% from 1st July to 31st December and at 2½, 3½, 5&6 against official rates of 4,5,6,7 and upwards from 1st January to 30th June.

3. They were again revised in April 1894 as follows:-
2% from 1st July to 31st December on all daily balances 2½, 3½, 5&6 against official rates of 4,5,6,7 and upwards withdrawals to be not more than 5 lacs a month between 1st March and 30th Septr: and more than 8 lacs between 1st October and 28th February exclusive of the subsidy amounts.

4. These terms were again revised from 1st January 1897 as follows:-
Interest to be allowed at 2% on daily balance not exceeding 20 lacs, from 1st July to 31st December and at 2,3,4,5&6 against Bank's rates 4,5,6,7,8 upwards-During January and March interest will be allowed only on the balance in excess of the subsidy amounts.

5. The terms now proposed are no interest at all between 1st July to 31st December and interest at 2,3,4,5,&6 against 4,5,6,7&8 and upwards. But interest is to be calculated not on daily balances as heretofore but on the minimum balance in a month for that month. During January and March interest will be only on such minimum balance in excess of the subsidy amounts.

6. In 1899-1900, Bank paid us Rs.12,240 as interest from 1st June to 31st December and Rs.21,000 from February to

to 31st May - No interest allowed in January as the balances were below the subsidy amount. The total amount was 33240 calculated as per terms now proposed the amount of interest will be only 11400- about 1/3 Calculated on the daily balances it will be Rs.21,000 as,,no interest being allowed for the first half. Calculated at 2% throughout the year under the terms of February 1887 the amount will be Rs.23000.

7. All along interest had been calculated on the daily balances. It is known whether this procedure has been since changed and if so for what reason and from what date.

8. We may propose that interest may be allowed as hereto fore at varying rates from January to June on daily balances and 2% from July to December on balances less than 15 lacs, if the present amount of 20 lacs be considered too high, with option to fix for 6 to 9 months between 15 and 40 lacs during the busy season as the Park may require.

Enc

10-11-07

(1)

Terms of the Mysore Government A/c with the Bank of Madras in Force from 1st January 1897.

1. Interest to be allowed on the daily balance during the busy season - January to May inclusive - according to the following sliding scale:-

Bank's minimum rate being	Interest to be allowed at
4% and under	2%
5%	3%
6%	4%
7%	5%
8% and upwards	6%

2. During the months of January and March, interest will be allowed only on the balance in excess of the sum which has to be paid about the end of those months to the British Government on account of Kist (Subsidy) This clause to be subject to modification if at any time the dates for payment of Kist (Subsidy) are altered.

3. During the slack season - June to December inclusive - interest to be allowed at 2% per annum on the daily balance not exceeding 20 lakhs. Any balance in excess of 20 lakhs not to bear interest.

4. No minimum balance is guaranteed by the Mysore Government during the busy season, but endeavours will be made to maintain as far as possible a fair average balance, as during the corresponding months of 1896.

5. The above terms will come into operation from 1st January 1897, and will remain in force until the expiration of six months after notice on either side, such notice being given in the month of January or July.

Office of the Dewan of Mysore,
Bangalore, 27th January 1897.

By order,

S/D C.Sreenivasiengar,
Secretary to Govt., Genl. & Rev.Depts.

(18)

Bangalore,

20th December 1901.

J.Kerr Greig Esq.,

Secretary and Treasurer,

Bank of Madras.

Sir,

I have the honor to acknowledge the receipt of your letter of 17th Instant in re agreement for keeping our Government account which I shall place before the Dewan at the earliest opportunity.

In regard to the temporary loan of 15 or 20 lacs that may be required for payment of subsidy on 31st January next, about which I wrote to you in my letter of 16th Instant, I beg you will kindly let me know whether you have made the necessary arrangements.

I am yours

faithfully.

Gul

G.T. 57 of 1902

Ext

No 7L 255 of 29/7/02

29

Sl (3) (19)

To L D Kerr
~~I. Kerr Craig~~ Esquire,
~~Ag.~~ Secretary and Treasurer
Bank of Madras,
Madras.

Sir,

The Comptroller of Mysore has placed before me the correspondence ending with ~~your~~ Mr. L. Kerr Greig's letter to him, dated 17th December 1901, and the proposed terms of the Mysore Government Account. The terms contained in the memo received with ~~your~~ his letter of the 3rd September 1901 are hereby accepted on the distinct understanding that for the month of June also interest will be allowed on the monthly minimum balance as in previous months and that these terms are subject to reconsideration in October 1903. A copy of the memo of terms as now accepted is herewith sent.

I have &c

Dewan.

Submitted to the Dewan with fair Copy.
25/7/1902

(Names altered as the Permanent Offr is said to have returned)

RD
27/7/02
5 3/5.

Issue
29/7

Dr Ext

Recd

Sent to Comptroller's Office

(20)

* Enclosed with reference
to my letter no 4212 B 20. dated
May 1902

21/8/02

for Secretary

Bank of Madras.

Madras, 12th August 1902.

The Dewan of Mysore

BANGALORE.

Sir,

I have the honour to acknowledge receipt of your letter No. Fl 255 dated 29th ulto: with its enclosure, which has been duly laid before my Directors and in reply I am desired to say that they confirm the proposed new terms for the Mysore Government A/c with this Bank which I here recapitulate.

I. Interest to be allowed on the minimum monthly balance during the busy season - January to June - inclusive according to the following sliding scale:-

Bank's minimum rate being	Interest to be allowed at.
4% and under	2%
5%	3%
6%	4%
7%	5%
8% and upwards	6%

2. During the months of January and March interest will be allowed only on the balance in excess of the sum which has to be paid about the end of those months to the British Government on account of Kist (Subsidy). This clause to be subject to modification if at any time the dates for payment of Kist (Subsidy) are altered.

3. For the purpose of calculating interest notice of issue of cheques on the account to be considered equivalent to actual withdrawal of cash.

4. No minimum balance is guaranteed by the Mysore Government during the busy season, but endeavours will be made to maintain as far as possible a fair average balance.

(92)

5. The above terms will come into operation as from the 29th ulto: and will remain in force until 1st October 1903

Interest for the month of June will be calculated on the minimum monthly balance as in previous months.

I have the honour to be,

Sir,

Your obedient servant,

Secretary & Treasurer.

C1 7 51 of 01-02
Sl 5 ✓ 2.11 (13)

To

The Secretary & Treasurer
Bank of Madras

No. H 3129 22/8/02
22

Has the honor to acknowledge the receipt of his letter No. 117 dated 12th August 1902 intimating that his Director Confirm the proposed new terms for the Mysore Government Account with the Bank of Madras.

By order

21/8/02 Secretary
21/8

21/8

C.J. 57/8/01-02
Dft. 6

(24) Draft

(16) (25)

(Here enter letter No. —
dated 12th August 1902
from the Secretary &
Treasurer, Bank of
Madras confirming
the proposed new terms
for the Mysore Govt
Account with the
Bank of Madras)

No. 7L 313 dy 22/8/02

22

Copy of the above is
forwarded to the
Comptroller for in-
formation & guidance

By Order

21/8/02

for Secy.

21/8.